

# What Is the Value of the Proposed Basic Plan Benefit Design to CalPERS “Public Agency” Members? (Based on a 20% Employer Contribution)

## Introduction

Our proposed **basic plan** benefit design, using 2007 Blue Shield premiums as an example, would result in annual premium savings<sup>1</sup> of:

- \$102.57 for the “single” members
- \$205.15 for the “two-party” members
- \$266.69 for the “family” members

In addition, members would receive *free services for all preventive care office visits* (currently \$10 co-payment per visit). Milliman, in its March 9, 2007 report titled, *CalPERS Health Benefit Plan Design Analysis*, defines preventive care as:

- periodic health exams
- periodic maternity care
- well-baby visits
- allergy testing and treatment
- immunization
- hearing evaluation
- pre/post-natal care visits

Blue Shield basic members would also pay *\$10 less as a co-payment for each urgent care visit*, due to standardization of urgent care co-payments across all plans.

## For “Single” Member

A single member would not only receive *all preventive care office visits for free*, the member would also receive *at least 20 non-preventive office visits or four non-admitting emergency room visits* before the member would use all of the premium savings. For single members who use pharmacy services, a **\$102.57** annual premium savings would pay for *almost 21 retail brand prescriptions or seven mail-order brand prescriptions* before the member would use all of the premium savings. In addition, members continue to benefit from the *current \$5 retail generic co-payment*.

For example, a 30-year-old single male with an allergy condition would receive *free periodic health evaluations, free testing and care for his allergy, five non-preventive office visits, 7 retail brand prescriptions, one mail-order brand prescription, and one non-admitting emergency room visit* without having to pay more than his savings from the premium reduction.

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<sup>1</sup> The *Estimated Impact Fact Sheets* display total annual members savings by plan for single, two-party and family tiers in the box located in the shaded area.

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## For “Two Party” Member

In addition to *free preventive care office visits*, the two-party members would receive *at least 41 non-preventive office visits or eight non-admitting emergency room services* before the members would use all of the premium savings. For members who use pharmacy services, a **\$205.15** annual premium savings would purchase *more than 41 retail brand prescriptions* (30-day supply) *or almost 14 mail-order brand prescriptions* (90-day supply) before the member would use all of the premium savings.

For example, a couple in their 50s would receive *free periodic health evaluations* to ensure early detection and treatment of adult-onset chronic diseases. They would also receive *free allergy testing and treatment, 10 non-preventive office visits, 10 retail brand prescriptions, 2 mail-order brand prescriptions, three non-admitting emergency room visits, and free hearing evaluations*. In addition, the couple would continue to pay a *\$5 co-payment for generic drugs at retail pharmacies*.

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## For “Family” Members

Family members would receive *free preventive office visits* like members of the other tiers; many families especially value the benefit of free preventive care because it includes pre-natal, allergy, and well-baby care. In addition to *free preventive care office visits*, the family members would receive *at least 53 non-preventive office visits or 10 non-admitting emergency room services* before the members would use all of the premium savings. For members who use pharmacy services, a **\$266.69** annual premium savings would purchase *at least 53 retail brand prescriptions* for the family before the member would use all of the premium savings. In addition, the family would continue to benefit from the *current \$5 retail generic co-payment*.

For example, a family of three – the husband and wife in their 40s with a four-year-old child, and the wife expecting her second child – would receive all periodic health evaluations for free. In this family:

- the husband would receive free office care for his allergy condition,
- the preschooler would receive all required immunizations and well-child visits for free,
- the pregnant wife would receive all office-based maternity care and pre-natal care for free, and
- post-natal and all well-baby visits would also be free for the newborn child.

In addition, the family could *visit the doctor’s office 17 times for non-preventive care, fill 11 retail brand prescriptions, fill four mail-order brand prescriptions, and visit the emergency room three times without being admitted*.

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